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How to Be a Good Leader

During his long career, Welch mentored a generation of future CEOs. In an exclusive excerpt, his rules of the game.

By Jack Welch with Suzy Welch
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April 4 issue - One day, you become a leader. On Monday, you're talking and laughing with colleagues about life and work, and gossiping about how stupid management can be. Then on Tuesday, you are management. You're a boss. Suddenly, everything feels different—because it is different. Leadership requires distinct behaviors and attitudes, and for many people, they debut with the job. Before you become a leader, success is all about growing yourself. When you become a leader, success is all about growing others.

Without question, there are lots of ways to be a leader. You need to look only as far as the freewheeling, straight-talking Herb Kelleher, who ran Southwest Airlines for 30 years, and Microsoft's quiet innovator, Bill Gates, to know that leaders come in all varieties. In politics, take Churchill and Gandhi. In football, take Lombardi and Belichick. Each of these leaders would give you a different list of "rules."

During my talks with students, managers and entrepreneurs, leadership questions invariably were asked. "What does a leader really do?" and "I was just promoted and I've never run anything before. How can I be a good leader?" These kinds of questions have pushed me to make sense of my own leadership over 40 years. I ran teams with three experienced people and divisions with 30,000. I managed businesses that were dying and ones that were bursting with growth. There were acquisitions, divestitures, organizational crises, moments of unexpected luck, good economies and bad. And yet, some ways of leading always seemed to work. These became my eight "rules."

First, a word on paradoxes. Leadership is loaded with them. The granddaddy of them all is the short-long paradox, as in the question I often get: "How can I manage quarterly results and still do what's right for my business five years out?" My answer is, "Welcome to the job!" Performing balancing acts every day is leadership. That's part of the fun of leading, though. You can only give it everything you've got. Here's how:

#1 LEADERS RELENTLESSLY UPGRADE THEIR TEAM, USING EVERY ENCOUNTER AS AN OPPORTUNITY TO EVALUATE, COACH AND BUILD SELF-CONFIDENCE.

The team with the best players usually does win. And that is why, very simply, you need to invest the vast majority of your time and energy as a leader in three activities.

You have to evaluate—making sure the right people are in the right jobs, supporting and advancing those who are, and moving out those who are not.

You have to coach—guiding, critiquing and helping people to improve their performance in every way.

And finally, you have to build self-confidence—pouring out encouragement, caring and recognition. Self-confidence energizes, and it gives your people the courage to stretch, take risks and achieve beyond their dreams. It is the fuel of winning teams.

Too often, managers think that people development occurs once a year in performance reviews. That's not even close. It should be a daily event, integrated into every aspect of your regular goings-on. Customer visits are a chance to evaluate your sales force. Plant tours are an opportunity to meet promising new line managers. A coffee break at a meeting is an opening to coach a team member about to give his first major presentation. Think of yourself

as a gardener, with a watering can in one hand and a can of fertilizer in the other. Occasionally you have to pull some weeds, but most of the time, you just nurture and tend. Then watch everything bloom.

#2 LEADERS MAKE SURE PEOPLE NOT ONLY SEE THE VISION, THEY LIVE AND BREATHE IT.

Leaders have to set the team's vision and make it come alive. How do you achieve that? First of all, no jargon. Targets cannot be so blurry they can't be hit. You have to talk about vision constantly to everyone. A common problem is that leaders communicate the vision to close colleagues and it never filters down to people in frontline positions.

If you want people to live and breathe the vision, "show them the money" when they do, be it with salary, bonus, or significant recognition. To quote a friend of mine, Chuck Ames, the former chairman and CEO of Reliance Electric, "Show me a company's various compensation plans, and I'll show you how its people behave."

#3 LEADERS GET INTO EVERYONE'S SKIN, EXUDING POSITIVE ENERGY AND OPTIMISM.

An upbeat manager with a positive outlook somehow ends up running a team or organization filled with ... well, upbeat people with positive outlooks. A sourpuss somehow ends up with an unhappy tribe all his own. Unhappy tribes have a tough time winning.

Work can be hard. But your job as leader is to fight the gravitational pull of negativism. That doesn't mean you sugarcoat the challenges. It does mean you display an energizing, can-do attitude about overcoming them.

#4 LEADERS ESTABLISH TRUST WITH CANDOR, TRANSPARENCY AND CREDIT.

Your people should always know where they stand. They have to know how the business is doing. And sometimes the news is not good—such as imminent layoffs—and any normal person would rather avoid delivering it. But you have to fight the impulse to pad hard messages or you'll pay with your team's confidence and energy.

Leaders also establish trust by giving credit where credit is due. They never score off their own people by stealing an idea and claiming it as their own. They don't kiss up and kick down because they are self-confident and mature enough to know that their team's success will get them recognition, and sooner rather than later. In bad times, leaders take responsibility for what's gone wrong. In good times, they generously pass around the praise.

#5 LEADERS HAVE THE COURAGE TO MAKE UNPOPULAR DECISIONS AND GUT CALLS.

There are times you have to make hard decisions—let people go, cut funding to a project, or close a plant. Obviously, tough calls spawn complaints and resistance. Your job is to listen and explain yourself clearly but move forward. You are not a leader to win a popularity contest—you are a leader to lead. Don't run for office. You're already elected.

Sometimes making a decision is hard not because it's unpopular, but because it comes from your gut and defies a "technical" rationale. Much has been written about the mystery of gut, but it's really just pattern recognition, isn't it? You've seen something so many times you just know what's going on this time. The facts may be incomplete, but the situation feels very, very familiar to you. Sometimes the hardest gut calls involve picking people. You meet a candidate who has all the right stuff. But something nags at you, and you're left with that uh-oh feeling. Don't hire the guy.

#6 LEADERS PROBE AND PUSH WITH A CURIOSITY THAT BORDERS ON SKEPTICISM, MAKING SURE THEIR QUESTIONS ARE ANSWERED WITH ACTION.

When you are an individual contributor, you try to have all the answers. When you are a leader, your job is to have all the questions. You have to be incredibly comfortable looking like

the dumbest person in the room. Every conversation you have about a decision, a proposal, or a piece of market information has to be filled with you saying, "What if?" and "Why not?" and "How come?" Questioning, however, is never enough. You have to make sure your questions unleash debate and raise issues that get action.

#7 LEADERS INSPIRE RISK TAKING AND LEARNING BY SETTING THE EXAMPLE.

These two concepts often get lip service—and little else. Too many managers urge their people to try new things and then whack them in the head when they fail. And too many live in not-invented-here worlds of their own making. If you want your people to experiment, set the example yourself.

Consider risk taking. You don't need to be preachy or somber about your errors. In fact, the more humorous and lighthearted you can be, the more people will get the message that mistakes aren't fatal.

As for learning—again, live it yourself. Just because you're the boss doesn't mean you're the source of all knowledge. Whenever I learned about a best practice that I liked at another company, I would come back to GE and make a scene. Maybe I overstated the case, but I wanted people to know how enthusiastic I was about the new idea.

#8 LEADERS CELEBRATE.

Why does celebrating make managers so nervous? Maybe throwing a party doesn't seem professional, or it makes managers worry that they won't look serious to the powers that be, or that, if things get too happy at the office, people will stop working their tails off.

There is just not enough celebrating going on at work—anywhere. I harped on the importance of celebrating for 20 years. But during my last trip as CEO to our training center in Crotonville, N.Y., I asked the 100 or so managers in the class, "Do you celebrate enough in your units?" Even knowing what I wanted them to say, less than half answered yes.

What a lost opportunity. Celebrating creates an atmosphere of recognition and positive energy. Imagine a team winning the World Series without champagne spraying everywhere. And yet companies win all the time and let it go without so much as a high five. Work is too much a part of life not to recognize moments of achievement. Make a big deal out of them. If you don't, no one will.

I am often asked if leaders are born or made. The answer, of course, is both. Some characteristics, like IQ and energy, seem to come with the package. On the other hand, you learn some leadership skills, like self-confidence, at your mother's knee, and at school, in academics and sports. And you learn others at work—trying something, getting it wrong and learning from it, or getting it right and gaining the self-confidence to do it again, only better.

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